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2. <u>T</u>	urks restate e	eagerness fo	or membership	in NATO:		3.3(h)(2)
_			The Turkish the following			w has made assador Kirk:
w	ith the UK and	l France a s he NATO co	(a) Turkey of satisfactory sacuntries in the	feguard and	wants the	rrent treaties immediate tacked;

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	of the genuineness of Brit despite the recent British	(b) The Ambassacish support of Turke declaration; and,	lor, himself, is wy's application to	ncertain join NATO,
	Pact for fear that the Ara trous repercussions vis-a	(c) He does not fa b States' insistence (a-vis Israel.	vor an Eastern Mon joining would ha	editerranean ave disas- 3.3(h)(2)
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		FAR EAST		3.3(h)(2)
3.	Enemy in Korea can attac	ck with little or no ac	ditional warning;	• •
	detection under present y tactical situation remains in the pattern of enemy a	now capable of mo tion 24 hours prio this movement move veather conditions. s almost static there	my warns that the oving his reserves or to an attack, an ay be accomplishe Furthermore, so I may be no noticea	s into posi- d that even d without long as the
•	preceeding the launching of the probable date of at intent to resume the offer	<u>Comment</u> : In the of an offensive provitack. As yet there i	past, the five-day ded numerous ind s no firm indicatio	ications
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	Chiang Kai-shek summarily dismisses naval officers for political activity:
	Chiang Kai-shek on 15 July summarily dis- missed 13 naval officers accused of forming a new clique. Admiral Kwei, naval Commander-
	in-Chief, was informed of this action by Chiang Ching-kuo, the Generalissimo's elder son, in time to "save face" by appearing to order the dismissal himself. The officers included Kwei's nephew and brother-in-law. No charges have been preferred, since Chiang Ching-kuo's "political officers" would not be able to prove their allegations. The US Naval Attache states that a long-standing feud between Admiral Kwei and Chiang Ching-kuo is rumored to be behind this example of "thought control at its worst."
	Comment: Chiang Kai-shek's fear of defections to the Communists or "Third Force" groups has increased the scope and power of Soviet-trained Chiang Ching-kuo's political officers. This is the first report indicating the unprecedented power of Ching-kuo vis-avis a Commander-in-Chief.
5.	NEAR EAST 3.3(h)(2) Iraqi Government reaches agreement with petroleum company:
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	An agreement setting minimum guarantees for the level of oil production and Iraqi revenues has been reached between Iraq and the Iraq Petroleum Company. Under its terms, Iraqi oil revenues will reach approximately 50 million pounds sterling annually within three years, a sum several times greater than the current payment. The agreement, which appears to be the most favorable ever negotiated by any government, provides for renegotiation should any neighboring country obtain more favorable terms.
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parties. Despite the liberal aspects of the negotiated agreement, ratification by the Iraqi Parliament cannot be assured. Reports from Baghdad state that the atmosphere is charged with uncertainty, that the Prime Minister is tired and dispirited, and that responsible leaders are becoming increasingly apprehensive of extremist elements.

Abdullah:			3.3(h
	Jerusaler Mufti of 3 of King A uncover t US Vice 0 that Abdu member of	anian Governor of the m is convinced that the Jerusalem is involved abdullah, but he has not be organization behing Consul in Arab Jerusallah's assassin was sof the "Holy War Figher Committee during"	te former Grand in the murder of been able to ad the act. The alem reports supposedly a nters, " a terrothe last years
of the Mandate buighting.	t disarmed by the A	rab Legion during the	Palestine 3.3(
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8.	Spanish underground	labor groups warn of	Communist gains:	3.3(h)(2)
		Coordinacion, of Communist	pposition Comite Interio predicting a great expa strength, warns that the	nsion e Span-
	tives, will turn to the	e Communists for hel	ho are losing faith in US p against the Franco dic	tatorship.
2		In a formal pr	otest against any conten	plated
•	US economic and militus Embassy in Madri	itary aid to the Franc id that Spanish worke	o regime, the CIC remins represented by the So	nded the cialist
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and Anarchist components of the CIC have "firmly decided not to cooperate" in Spain's industrial and military effort unless Franco is removed.

Comment: The Spanish Communist Party is trying to capitalize on the growing sense of frustration among the underground leftist groups. So far, all Communist offers of financial aid in exchange for Communist Party control of a "popular front" have been rejected, because of the overwhelmingly anti-Communist sentiments of the great bulk of the workers within these groups. It is believed unlikely, therefore, that Spanish workers will make common cause with the Communists or resort to sabotage against the Spanish defense effort, as indicated in an earlier CIC letter to the US Embassy. The present protest, with its implied threats, is apparently calculated to induce the US to demand the liberalization of the Spanish regime. Without the cooperation of the other leftist labor groups, the Communists will remain an ineffective political force.

LATIN AMERICA

9.	Panamanian representative instructed to withhold papers of China-bound
	<u>vessel</u> : 3.3(h)(2)
	The Panama Government has instructed its Consul General in Hamburg to hold the papers of the China-bound Panama flag vessel Montesa and to notify the captain to unload its cargo immediately or forfeit its registry.
	Comment: The Montesa's papers have been held by the US Consul General in Hamburg, since the Panamanian representative had no authorization to do so. The Government of Panama claimed as early as 9 July that it had instructed its representatives to hold the papers of any Panamanian flag ship bound for North Korean or Chinese Communist ports.
	This is the fourth Panamanian flag vessel

whose papers have been picked up on the initiative of US officials. In

all four cases, Panama supported the US action and threatened the masters of the vessels with cancellation of Panamanian registry unless the cargo destined for Communist China was unloaded. In no case, however, has a Panamanian official taken the initiative in withholding the papers from such a vessel.

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